

# “Social representations of the stock market in financial advisors, investors and media”

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Social Representations and  
Communication– Rome, Italy  
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**MEDIA ANALYSIS on European Journals**

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This presentation reports the main results obtained by the analysis of *European Journals (generalized and specialized)*.

This part of the cross-national research program corresponds to the  
**Media Analysis**

**aimed** at anchoring the study into the **different geo-economic contexts**, which are exposed to *global effect of the financial crisis and different intervention policies by the political institutions.*

This presentation focuses on **social discourse elaborated by media concerning ECONOMICS and FINANCE**  
*in the period between September 2008 and May 2010*  
*strongly determined by the financial crisis*  
which sets the “**contextual scenario**” of the social representations.

# General hypothesis

The main rhetorical argument used to explain the financial crisis is based on the relationships between:

# GOOD REAL ECONOMY...



# ...AND



# BAD VIRTUAL FINANCE





## Media analysis: general hypothesis

The main rhetorical argument used to explain the financial crisis is based on the **relationships** between:

*good "real" economy and bad "virtual" finance.*

- the **good real ECONOMY** being anchored in the *productivity of real people* and their work;
- the **bad virtual FINANCE** in insubstantial financial products produced by speculators and so complicated that ordinary people, but often also the so-called experts, do not understand them.

This **comprehensive vision of ECONOMICS and FINANCE**, as widely diffused social representations in the media, would function as a rhetorical device **to familiarize the global crisis also to laymen hit by a storm of economic and financial information** (de Rosa, 2009; de Rosa & Bulgarella, 2009; de Rosa, Bocci & Bulgarella, 2010; Bulgarella, de Rosa, Bocci & Sirolli, 2010).

***New media***

***Social  
networks***

***Posts\****

***SOURCES***

\* Posts and articles have been selected on the basis of the presence of one or more of the following keywords:

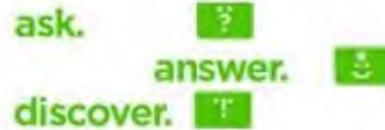
- "stockmarket";
- "economic crisis";
- "financial crisis";
- "financial market"

in the text during the period september 2008-may 2010.

***Traditional  
Media online***

***Generalized  
Specialized***

***Journal  
articles\****



COUNTRIES	SOCIAL NETWORKS	
<b>ITALY</b>	<b>YAHOO ANSWER (under analysis)</b>	<a href="http://it.answers.yahoo.com">http://it.answers.yahoo.com</a>
<b>U.K.</b>	<b>YAHOO ANSWER (under analysis)</b>	<a href="http://uk.answers.yahoo.com">http://uk.answers.yahoo.com</a>
<b>FRANCE</b>	<b>YAHOO ANSWER (under analysis)</b>	<a href="http://fr.answers.yahoo.com">http://fr.answers.yahoo.com</a>



COUNTRIES	JOURNALS	
ITALY	LA REPUBBLICA  	IL SOLE 24 ORE  
U.K.	THE TIMES   (under analysis)	THE ECONOMIST  
FRANCE	LE MONDE  (under analysis)	LES ECHOS  

Data analysis have been conducted through the use of the software ALCESTE by means of “*Descending Hierarchical Classification*” (Reinert, 1983).



COUNTRY	GENERALIZED JOURNALS	SPECIALIZED JOURNAL
ITALY	LA REPUBBLICA  (N° of articles: 97)	IL SOLE 24 ORE  (N° of articles: 248)

Two classes have been extracted by using the software Alceste:

- One contains 141 elementary contextual units (e.c.u.) and refers to articles published by the generalist newspaper “*La Repubblica*” in the period from **September 1<sup>st</sup> to December 31<sup>st</sup> 2008**.
- The other class, including 279 (e.c.u.), refers to articles published on the specialized daily newspaper for a general public “*Il Sole 24 Ore*” in the period between **Jan. 1<sup>st</sup> 2009 – May 31<sup>st</sup> 2010**.



## Main Results: The class focused on “the FINANCIAL CRISIS”



“DOMINO EFFECT”  
OF THE MARKETS



SPECIFIC REFERENCE TO THE  
AMERICAN GEO-ECONOMICAL  
AND POLITICAL CONTEXT

THE BAD VIRTUAL FINANCE  
USE A NEGATIVE PRESSURE  
ON THE GOOD REAL ECONOMY



CLOSE RELATIONSHIP BETWEEN  
BAD VIRTUAL FINANCE AND  
GOOD REAL ECONOMY

## Main Results: The class focused on “the FINANCIAL CRISIS”

These results -second class- express a representation of the stock market focused on the “FINANCIAL CRISIS” anchored into the following perspectives:

- **the temporal perspective:** →the articles go back in time “*up to the 1929 crisis*” (e.c.u. 442-14);
- **the geo-economic context:** →there is a highlight on the connections that bind the single markets together in a global perspective, producing a “**domino**” effect (“**crack**”, chi2 14:63; “**failure**” 11.62: “**crash**”, 5.98; “**disaster**”, 5.98) from various angles of the earth (“**America**”, chi2 22.79 “**Chines+**”, chi2 7.99; “**Asia**”, chi2 5.98; **Russian**, chi2 7.99).

**Focusing the close relationship among the markets** a wide space is dedicated to the **American situation** where big amounts of government interventions have been necessary to try a “**rescue**” (chi2 10.01) of “**giants**” (chi2 3.11) that could not be left to die like “**Fannie Mae & Freddie Mac**” (chi2 22.35) or “**Lehman Brothers**” (chi2 10.01), “**Bear Stearns**” (chi2 10.01).

**The results highlight the close relationship between:**

- **the virtual finance** (“**financial**” – singular -, chi2 12.69; “**derivatives**, chi2 6.76; “**hedge**”, chi2 6.28: “**speculation**”, chi2 6.10; “**financial** – plural -, chi2 5.65 ) end
- **the real economy** (“**tax-payers**”, chi2 14.09; “**economy**”, chi2 7.47; “**resources**”, chi2 12.04, “**dollars**”, chi2 12.6; “**millions**”, chi2 11.34; “**capitalism**”, chi2 7.99)

### Why?

Because the effects of the intervention policies by the political establishments are paid by common people in their ordinary life.

One can ask: “ *which will be the next bank dropped on American tax payers’ shoulders? Shoulders that are more and more fragile, because in the meanwhile the real economy does not give any signal of improvement*” (e.c.u. 418-14).



## Main Results

The 2<sup>nd</sup> class focused on “the EXPECTED RECOVERY”



ITALIAN CONTEXT  
INSIDE EURO ZONE



THE ECONOMIC  
RECOVERY IS LINKED TO:  
-SAVING MONEY  
-ITALIAN ENTERPRISES

## THE RECOVERY IS LINKED TO THE GOOD REAL ECONOMY



CLOSE RELATIONSHIP BETWEEN  
BAD VIRTUAL FINANCE AND  
GOOD REAL ECONOMY



## Main Results

*The class focused on “the EXPECTED RECOVERY”*

Here the **temporal horizon is a time context**, projected more in the future and its potential **expected recovery** (“**signal+**” chi2 4.12; “**recovery**”, chi2 4.12), rather than being focused on the crisis that exploded in 2008, which is absent from the specific dictionary of the class.

Regarding the **geo-economical context**, the main results focus on the **local Italian scenario**: (“**Italy**”, chi2 10.42; “**Italian**”, chi2 3.60; “**Italian+**” chi2 7.54; “**Milan**”, chi2 2.5; “**scenario**”, chi2 4.12), with a few references to a wider European perspective (Berlin, Athens, Europe) polarized around events that occurred in the Euro zone as a consequence of Greece’s public debt crisis.

It is declared that “**the economic recovery in Italy will be slow and fragile, it will take a lot of time to return to pre-crisis levels**” (e.c.u. 644-13). **Why?**

**The weakness of the national market is due to** the fact that the Italian Stock Market is relatively small and very exposed to the financial sector (to the bank crisis).

**Despite the problematic scenario, rays of light can be seen** (“**trust**” chi2 3.08): the positive elements are linked to the growth of revenues and net incomes of some **big Italian companies** such as the Della Valle Group, and to the fact that in Europe the Italian system– based on saving – has reacted better to the crisis: “*the Italian system is envied in Europe and has reacted better to the crisis without public aid*” (e.c.u. 191-9).



COUNTRY	SPECIALIZED JOURNAL
UK	THE ECONOMIST  N° of articles: 133

**Five classes** have been extracted by using the software Alceste.

The higher number of e.c.u. is in the first three classes, including the most part of the articles, those **published in 2009**.

- **The temporal perspective** → describes a current scenario with an eye to the future.
- **The geo-economic context** → is very wide. In the first class we find the keyword “America” with  $\chi^2$  7.95 and inside the class there are references to different contexts: Russian economy, China and also the emerging African markets.



The Economist focuses the representations on the

“specific responsibilities of finance in the crisis”:

- “the recent crisis was not a generic failure of markets but a specific failure of finance (e.c.u. 10-18)”.



FINANCE UNDER  
ACCUSATION



DE-REGULATION  
OF MARKETS



RE-REGULATION  
OF MARKETS



**The Economist** focuses the representations on the

**“specific responsibilities of finance in the crisis”:**

*“the recent crisis was not a generic failure of markets but a specific failure of finance (e.c.u. 10-18)”.*

Two main contents appear:

- metaphor of **“finance under accusation”**: *“Citigroup has stuck its nastiest bits, including consumer loans and toxic securities, into a separate division, but the hard part lies ahead. (e.c.u. 47-12)”.*
- **“deregulation of market”**: in the first class are mentioned the *“failings of today's regulation”* **“Regulation”** is included in the specific dictionary of the first class.

A possible solution to the crisis is presented as: **re-regulation of the market.**

- *“during that time the task will be **to re regulate finance.** (e.c.u. 70-20)”.*
- *“the leaders of the G20 group of rich and emerging economies who were meeting in London on April 2<sup>nd</sup> as The Economist went to press came with lofty aspirations **to rewrite the rules of global finance and reshape the world's financial institutions** (e.c.u. 66-15)”.*



COUNTRY	SPECIALIZED JOURNAL
FRANCE	LES ECHOS <i>LesEchos.fr</i> N° of articles: 41



**Six classes** have been extracted by using the software Alceste.

**Classes 1-2-4-6** focus on the **articles published on 2009** and contains the most part of e.c.u. (158 e.c.u). **The different classes focus on the geo-economical context in a very wide way:**

- **1<sup>st</sup> class:** “**Paris bourse**”, chi2 27.11, “**Euronext**”, chi2 84.83, **NYSE**, chi2 94.56, **America**, chi2 8.57;
- **2<sup>nd</sup> class:** “**Etats-Units**”, chi2 8.90;
- **4<sup>th</sup> class:** “*fusion among Euronext, Paris, Lisbonne, Amsterdam, Bruxelles, New-York Stock Exchange, NYSE. (e.c.u. 175-24)*”
- **6<sup>th</sup> class:** “**international**” (this word is included in the specific dictionary).

**The temporal perspective refers to the years 2009-2010.**

Classes 1-2-4-6 (year 2009)

Les Echos.fr focuses the responsibilities of finance in the global scenario of the crisis

- *“The offender is always the same: risk financial products, today criticised for their toxicity (e.c.u. 102-35)”*.
- *“The International Monetary Fund, FMI, strongly linked its evaluation of losses to the toxic financial products” (e.c.u. 7-17).*



FINANCE UNDER  
ACCUSATION



DE-REGULATION  
OF MARKETS



LIVING BEING:  
SICK FINANCE AND  
RECOVERY

## Classes 1-2-4-6 (year 2009).

**Les Echos.fr focuses the responsibilities of finance in the global scenario of the crisis:**

*“The offender is always the same: risk financial products, today criticised for their toxicity (e.c.u. 102-35)”. “The International Monetary Fund, FMI, strongly linked its evaluation of losses to the toxic financial products” (e.c.u. 7-17).*

Two main contents appear:

- metaphor of **“living being”**:

- the first class highlights the sick finance: **“care”**, chi2 36,32, **“lose weight”**, chi2 36,32, **“suffer”**, chi2, 7,15. *“New markets’ competition forces the Parisian stock market to lose weight (e.c.u. 173-59)”*;

- the fourth class highlights the possible recovery: **“appetite”**, chi2 66.71. *“The risk appetite calculated by Crédit Suisse has recently regained a new euphoria (e.c.u. 177-33)”*.

- **“deregulation of market”**:

- the sixth class highlights the responsibility of finance and the central role of the banks: **“deregulation”**, chi2 18.85, **“bank”**, chi2 30.78. *“The developed bank system has been ruled for a long time by a patchwork of agencies and, in a more general way, has never been supervised yet”. (107-15).* **The economy is defined as “BAD” because:**

- “corrupted” and “weak” ( e.c.u. 8-13), “fragile” (e.c.u. 56-18) or “troubling” (153-34).**

## The relationship between economy and finance is evoked in the Italian Journals

### GENERALIZED JOURNALS

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**“LA REPUBBLICA”**

highlights the pressure of **the bad virtual finance** on the **real economy** (anchored to the productivity of the tax payers’ shoulders -workers).



### SPECIALIZED JOURNALS

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**“Il Sole 24 Ore”**

the good economy is associated to the expected recovery; the bad finance is an obstacle to good real economy.

**This comprehensive vision of ECONOMICS and FINANCE is not emphasized in the English and French Journals, preferring a focus on the FINANCE.**

**An example: THE ECONOMIST suggests a solution to the crisis “inside” the FINANCE  
The Finance is potentially capable to “RE-REGULATE the STOCKMARKET”**

**The economy is not depicted as “GOOD”, but “BAD” because:  
“corrupted” and “weak” ( e.c.u. 8-13), “fragile” (e.c.u. 56-18) or “troubling” (153-34)**